

Nevada Gaming Control Board
CPA MICS Compliance Checklist

Auditor's Name and Date

KENO

Licensee _____ Review Period _____

NGC Regulation 6.090(9) requires the CPA to use “criteria established by the Chair” in determining whether a Group I licensee is in compliance with the Minimum Internal Control Standards (MICS). This checklist is to be used by the CPA in determining whether the licensee’s keno operation is in compliance with the Keno MICS.

Date of Inquiry	Person Interviewed	Position

Checklist Completion Notes:

- 1) Unless otherwise instructed, examine a completed document for compliance for those questions referring to records/documentation as indicated and recalculate where appropriate. Indicate (by tickmark) whether the procedures were confirmed via examination/review of documentation, through inquiry of licensee personnel or via observation of procedures. Tickmarks used are to be defined at the bottom of each page.
- 2) All "no" answers require referencing and/or comment, and should be cited as regulation violations, unless the Board Chair has granted a MICS variation or the question requires a "no" answer for acceptability. All “N/A” answers require referencing and/or comment, as to the reason the MICS is not applicable.
- 3) "(#)" refers to the Minimum Internal Control Standards for Keno, Version 9. The Keno MICS also include Notes #1 - #10.

Questions	Yes	No	N/A	Comments, W/P Reference
1. Has the licensee’s written system of internal control for keno been read prior to the completion of this checklist to obtain an understanding of the licensee’s keno operation and does the system of internal control delineate the procedures as may be required by any of the Keno Notes #1 - #10?				
<u>Game Play Standards</u>				
2. Does the computerized customer ticket include the casino name, city, state, date, game number(s), ticket number, station number or writer identification number, and conditioning (including multi-race if applicable)? (1) Verify by examination.				
3. For sales of keno tickets made using wagering accounts, is WAT in processed through the wagering account system and are the following procedures performed prior to writing the ticket:				
a) Verification of the patron’s identity via a secured personal identification? (2a)				
b) Verification of the availability of funds? (2b)				
c) Confirmed receipt of the WAT in? (2c)				

Verified per representation
Verified per observation/examination

Nevada Gaming Control Board
CPA MICS Compliance Checklist

Auditor's Name and Date

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Licensee _____ Review Period _____

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4. Concurrently with the generation of the ticket, is the information on the ticket recorded on a restricted transaction log in the computer system? (3) Verify by examination.				
5. Are keno personnel precluded from having unrestricted access to the restricted transaction log in the computer system? (4)				
6. When it is necessary to void a ticket:				
a) For computer voids:				
1) Is the void information input in the computer and does the computer document, at a minimum, the ticket number, date/time of the void, and the name or other identifier of the employee completing the void (e.g., void slip is issued or equivalent documentation is generated)? (5a) Note: For voids of \$10 or less completed at a kiosk and initiated by a patron, the system will function as the verifier, and an employee's involvement is not required. (5a, Note)				
b) For not-in-computer voids:				
1) Is a void designation, date, and time written/stamped on the original ticket? (5b)				
2) Do two individuals, a supervisor and the writer of the ticket, sign the ticket at the time of voiding? (5b)				
7. Do controls exist to prevent the writing and voiding of tickets after a game has been closed and after the number selection process for that game has begun? (6)				
8. Are the controls in effect for tickets prepared in outstations identical to those in effect for the primary keno game? (7) Indicate the location of the outstation(s).				
Number Selection – Rabbit Ear System				
9. Is a dedicated camera utilized to record the empty rabbit ears, date and time, game number and full rabbit ears both prior to, and subsequent to, the calling of a game? (8) Verify by observation.				
10. Does the recording of the rabbit ears provide a legible identification of the numbers on the balls drawn? (9) Verify by observation.				

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CPA MICS Compliance Checklist

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11. Are the selected numbers immediately input into the keno computer system which creates a record indicating the date, game number, the time the game was closed, and the numbers drawn? (10) Verify by observation.				
12. Are procedures in effect which prevent access by one individual to the keno balls in play? (11) Verify by observation.				
13. Are the back-up keno ball inventories secured in a manner to prevent access by one individual? (12)				
14. Are keno balls inventoried and inspected prior to being placed into play to ensure that all numbers are accounted for and that each ball has an equal chance of being selected during the calling of the game? (13)				
15. Is the inspection mentioned in the preceding question performed by a minimum of two individuals and is it documented? (13) Verify by examination.				
16. Does the documentation mentioned in the preceding question include the date and time of inspection, the inspection results, the investigation of noted exceptions, and the signatures of the individuals completing the inspection? (13) Verify by examination.				
<u>Number Selection - Random Number Generator</u>				
17. If the keno game has a random number generator that determines win or loss, has it received Commission approval as a gaming device? (Note before 14)				
18. Are the numbers selected by the random number generator directly relayed to, and automatically recorded in, the keno computer system which creates a record indicating the date, game number, the time the game was closed, and the numbers drawn? (14)				
<u>Winning Ticket and Wagering Instrument Verification and Payment</u>				
19. Is the ticket number of the ticket presented for payment input/scanned into the computer for payment through the computer system, and the payment amount indicated by the computer paid to the patron? (15) Verify by observation.				
20. Are procedures established to preclude payment on tickets previously presented for payment, unclaimed winning tickets (late pays) after a period of time specified by management, voided tickets, and tickets that have not yet been issued? (16)				

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CPA MICS Compliance Checklist

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Testing of payout documentation is required, as applicable. Select ten payouts from one day within the last seven days and all payouts from a day in a prior month. Indicate test dates selected and results of testing.				
21. Are all payouts supported by the customer (computer-generated) copy of the winning ticket and the payout amount is either indicated on the customer ticket or a payment slip is issued? (17) Note: When a kiosk is used for the payment of a winning ticket, it is acceptable to maintain the electronic image of the winning ticket, which contains a paid designation, rather than the physical copy of the customer's ticket. The retention period of the electronic image of the paid winning ticket must comply with Regulation 6.060. (17, Note)				
22. Do payouts issued to a wagering account as WAT out require the following:				
a) Verification of the patron's identity via a secured personal identification? (18a)				
b) Confirmed receipt of the WAT out? (18b)				
c) Is documentation created evidencing that the payout was made as a WAT out to the wagering account? (18c)				
23. Is a manual report produced and maintained documenting any payment made on tickets which are not authorized by the computer, including payments exceeding the aggregate payout limit? (19)				
24. For payments made on winning tickets which are not paid through the computer system, do supervisory personnel authorize the payment and sign the ticket at the time of payment? (20) Note: Appeasement payments (e.g., nonwinning ticket payouts resulting from a customer complaint or writer error) are not deductible from gross gaming revenue. (20, Note)				
25. Do winning tickets in excess of a specified dollar amount (not to exceed \$10,000 for locations with more than \$5 million in annual keno write and \$3,000 for all other locations), including such payout on a winning game contained within a multi-race ticket, also require the following: (21)				
a) Approval of management personnel independent of the keno department evidenced by their signature? (21a)				

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CPA MICS Compliance Checklist

Auditor's Name and Date

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Licensee _____ Review Period _____

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b) For rabbit ear systems, review of the recording of the rabbit ears to verify the legitimacy of the draw and the accuracy of the ball draw results? (21b)				
c) Comparison of the winning customer copy to the computer reports? (21c)				
d) Regrading of the customer copy using the payout schedule and ball draw results? (21d)				
e) Documentation and maintenance of all the above procedures? (21e)				
f) Is the dollar amount threshold delineated within the keno section of the written system of internal control? (21, Note) Indicate threshold amount. Verify compliance with written system of internal control.				
26. When the keno game is operated by one person, are all winning tickets in excess of an amount to be determined by management (not to exceed \$1,500) reviewed, authorized and signed by a keno supervisor (who did not write the ticket), or by someone independent of keno prior to payment? (22)				
27. Is the dollar amount threshold delineated within the keno section of the written system of internal control? (22) Indicate threshold amount. Verify compliance with written system of internal control.				
28. Prior to making payment on a wagering instrument:				
a) Does an employee verify the validity of the wagering instrument through the CWS? (23)				
b) Do supervisory personnel approve payment of the wagering instrument in excess of an amount determined by management (not to exceed \$1,200) by signing, dating, and writing/stamping with a paid designation on the wagering instrument? (23) Indicate the supervisory personnel approving the payment and the dollar amount.				
c) Is the threshold dollar amount delineated within the keno section of the written system of internal control? (23) Indicate threshold amount. Verify compliance with written system of internal control.				
29. Are the following procedures performed when a wagering instrument in excess of \$100 cannot be validated (scanned) for payment through the CWS other than because of a system failure (i.e., lost, stolen, mutilated, or expired wagering instruments):				

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CPA MICS Compliance Checklist

Auditor's Name and Date

KENO

Licensee _____ Review Period _____

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a) Are they approved by supervisory personnel by signing, dating, and writing/stamping with a paid designation on the wagering instrument? (24)				
b) Is the amount of the payment also recorded on the wagering instrument if the pre-printed amount is not legible? (24)				
c) If a wagering instrument is not available, is a document prepared evidencing the approval and the above required information along with the wagering instrument's validation number, if available? (24)				
d) Prior to such payments, do supervisory personnel review the applicable transaction history or other CWS records to verify the validity of the wagering instrument? (24)				
e) Is the payment of the wagering instrument entered into the CWS by cage/keno/accounting employees immediately, as applicable? (24)				
30. In the event of system failure:				
a) Do supervisory personnel approve the payment of wagering instruments in excess of an amount determined by management (not to exceed \$250) by signing, dating, and writing/stamping with a paid designation on the wagering instrument? (25) Indicate the supervisory personnel approving the payment and the dollar amount.				
b) Prior to such payments, do supervisory personnel review the transaction history or any other similar method to verify the validity of the wagering instrument? (25)				
c) Is the payment of the wagering instrument entered into the CWS by cage/keno/accounting employees when the system resumes operation? (25)				
d) Is the dollar amount threshold determined by management delineated within the keno section of the written system of internal? (25) Indicate threshold amount. Verify compliance with written system of internal control.				
31. For wagering instruments paid during a period of system failure that do not require supervisory approval for payment when paid, are the wagering instruments written/stamped with a paid designation, signed by the cashier, and noted with the date paid, and is the payment of the wagering instrument entered into the CWS by cage/keno/accounting personnel when the system resumes operation? (26)				

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32. Are unredeemed wagering instruments only voided in the CWS when the wagering instrument is available and when voided by employees independent of the keno department? Does the employee completing the void enter the void into CWS and clearly mark "void" across the face of the wagering instrument, date, and sign the face of the wagering instrument and does the accounting department maintain the voided wagering instrument? (27)				
33. If digitally represented wagering instruments are utilized, is a Board approved system, which includes approved functionality for the use of such wagering instruments, used and do the procedures for such wagering instruments provide at least the same level of control described by these MICS? (28) Verify by examination.				
34. Regarding the previous question, are the procedures delineated within the keno section of the written system of internal control? (28) Verify by examination.				
35. Are wagering instruments found by employees held in a secure location until claimed by a patron or until such time as the wagering instruments expire or are paid? (29) Verify by examination.				
Multi-Race				
36. Are procedures established to notify keno personnel immediately of large multi-race winners to ensure compliance with MICS #21? (83)				
37. Do controls exist to ensure that keno personnel are aware of multi-race tickets still in process at the end of a shift? (84)				
38. Are all games encompassed by a multi-race keno ticket completed within 14 days of the wager being placed? (85)				
Check Out Standards				
39. Does the computer system indicate the amount of net cash that should be in each writer station and is a supervisor required to access this information? (30) Verify by examination.				
40. Does a supervisor simultaneously acting as a writer not have access to their own net cash information? (30) Verify by examination.				

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<p>Testing of the cash summary report (count sheet) is required, as applicable. Select one cash summary report (count sheet) for 2 days. Test days must be in non-consecutive months. Indicate test dates selected and results of testing.</p> <p>Note: MICS #31 does not apply to kiosks. (31, Note 3)</p>				
41. For each writer station, is a cash summary report (count sheet) prepared at the conclusion of each shift that includes:				
a) Computation of the cash turned in for the shift and any variances between the cash turn-in and the amount of net cash that the computer system indicates should be in each writer station? (31a)				
b) Signatures of two employees who have verified the cash proceeds turned in for the shift? (31b)				
42. Are the above procedures in MICS #31 also performed whenever there is a change of writer at a station during a shift? (31, Note 1)				
43. In the case above, when there is a change of writer at a station during a shift and the cash is transferred from one writer to the next writer, does the cash summary report for the shift reflect for each writer and each station the amount of cash turn-in and any variances between the cash turn-in and the amount of net cash that the computer system indicates should be in each writer station? (31, Note 1)				
44. If the cash remains with the writer, are the procedures in MICS #30 and #31 performed for each writer rather than each writer station? (31, Note 2)				
45. For each kiosk:				
a) At least weekly, do a minimum of two employees remove all contents (excluding coin) from the kiosk? (32a)				
b) At least weekly, do a minimum of two employees count the cash removed from the kiosk and document the count? (32b)				
c) At least quarterly, do a minimum of two employees remove the coin from the kiosk, count the coin, and document the count? (32c)				
d) Whenever employees remove contents (e.g., winning tickets, wagering instruments, or cash) from a kiosk, or cash/coin is inserted into a kiosk, are reports generated from the kiosk regarding kiosk transactions and accountability? (32d)				

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Nevada Gaming Control Board
CPA MICS Compliance Checklist

Auditor's Name and Date

KENO

Licensee _____ Review Period _____

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e) At least weekly, are the kiosk transactions reconciled by an employee as follows: the cash remaining in each kiosk (including cash accepted by the kiosk) is compared to the cash initially loaded into the kiosk (i.e., imprest amount) plus/minus cash transactions (e.g., winning tickets, jackpot payouts, sales, ATM transactions, check cashing, wagering account transactions, wagering instruments, or bill breaking)? (32e)				
f) Are kiosk reports compared to the transactions recorded by the system(s) with variances documented and investigated? (32e)				
g) Are winning tickets and/or wagering instruments ultimately delivered to the accounting/finance department or stored in a secure area under the control of the accounting/finance department? (32f)				
<u>Promotional Payouts, Drawings, and Giveaway Programs</u>				
46. Are the conditions for participating in promotional payouts, including drawings and giveaway programs, prominently displayed or available for patron review at the licensed location? (33) Verify by observation.				
Testing of promotional payout documentation is required, as applicable. Select one promotional payout form per day for 2 days. Test days should be in non-consecutive months. Indicate test dates selected and results of testing.				
47. For promotional payouts, including those as a result of drawings and giveaway programs, that are either deducted from gross revenue, or are greater than or equal to \$500 and not deducted from gross gaming revenue, documented at the time of the payout to include the following:				
a) Date and time? (34a)				
b) Dollar amount of payout or description of personal property (e.g., car)? (34b)				
c) Reason for payout (e.g., promotion name)? (34c)				

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Auditor's Name and Date

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d) Signature(s) of the following number of employees verifying, authorizing, and completing the transaction with the patron: 1) two employee signatures for payouts of \$100 or more that are deducted from gross revenue (Note: For approved computerized systems that validate and print the dollar amount of the payout on a computer-generated form, only one employee signature is required on the payout form); 2) one employee signature for payouts less than \$100 that are deducted from gross gaming revenue; or 3) one employee signature for payouts of \$500 or more that are not deducted from gross revenue? (34d)				
e) Patron's name (for drawings only)? (34e)				
Note: MICS #34 documentation may be prepared by an individual who is not a keno department employee as long as the required signatures are those of the employees completing the payout with the patron. (34, Note)				
48. If the promotional cash (or cash equivalent) payout is less than \$500 and is not deducted from gross gaming revenue, is documentation created to support the bank accountability? (35) Note: Required documentation may consist of a line item on a cage or keno accountability document (e.g., "43 \$10 keno cash giveaway coupons = \$430"). (35, Note)				
Contests/Tournaments				
Testing two contests/tournaments is required, as applicable. Contests/tournaments are in non-consecutive months. Indicate contests/tournaments selected and results of testing.				
49. Are all contest/tournament entry fees, rebuys, and payouts (including mail transactions) summarized on a cash accountability document on a daily basis? (40)				
50. When contest/tournament entry fees, rebuys, and payouts are transacted, are the transactions recorded on a document which contains:				
a) Patron's name? (41a)				
b) Date of entry/rebuy/payout? (41b)				
c) Dollar amount of entry fee/rebuy/payout (both alpha and numeric, or unalterable numeric) and/or nature and dollar value of any noncash payout? (41c)				

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Nevada Gaming Control Board
CPA MICS Compliance Checklist

Auditor's Name and Date

KENO

Licensee _____ Review Period _____

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d) Signature of the individual completing the transaction attesting to the receipt or disbursement of the entry fee/rebuy/payout with the patron? (41d)				
e) If online registration is utilized:				
1) Is a record created by a computerized system which includes a timestamp of the transaction, a unique transaction code, and the patron's name? (41d, Note)				
2) Does the computerized system provide the patron with a receipt (e.g., e-mailed electronic receipt)? (41d, Note)				
f) Name of contest/tournament? (41e)				
51. Is a monthly log maintained which lists all contests/tournaments (including free contests/tournaments) held during the month, summarizing total entry fees/rebuys and total payouts (cash and non-cash prizes) to participants by individual contest/tournament? (42) Verify by examination.				
52. Are the contest/tournament entry fees, rebuys, and payouts summarized and posted to the accounting records on at least a monthly basis? (43)				
53. Are contest/tournament rules included on all entry forms/brochures and prominently displayed or available for patron review at the licensed location? (44)				
54. Do the rules mentioned in the preceding question contain at least the following:				
a) All conditions that patrons must meet to qualify for entry into, and advancement through, the contest/tournament? (44a)				
b) Specific information pertaining to any single contest/tournament, including the dollar amount of money placed into the prize pool? (44b)				
c) The distribution of funds based on specific outcomes? (44c)				
d) The name of the organizations (or persons) registered pursuant to NRS 463.169 that conducted the contest/tournament on behalf of, or in conjunction with, the licensee if applicable? (44d)				
55. Are the results, including the name of the event, date(s) of the event, total number of entries, dollar amount of entry fees/rebuys, total prize pool, and the dollar amount paid for each winning category, of each contest/tournament recorded and available for patrons to review? (45)				

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Nevada Gaming Control Board
CPA MICS Compliance Checklist

Auditor's Name and Date

KENO

Licensee _____ Review Period _____

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56. Is the name of each winner recorded and maintained, but not made available to the participants unless authorized by management personnel? (45)				
57. For free tournaments (i.e., patron does not pay an entry fee/rebuy), is the information required by the above MICS recorded except for the number of entries, dollar amount of entry fees/rebuys and total prize pool? (45, Note)				
58. Are the contest/tournament records required by standards #40 – #45, which are addressed above, maintained for each event? (46)				
Computerized Player Tracking Systems				
Note 1: Compliance with MICS #47 - #54 is required for all computerized keno player tracking systems. (Note 1 before 47)				
Note 2: As used in these Keno MICS, the term “point” or “points” is a generic term and refers to a representative of value awarded to a patron based upon specific criterion established by the licensee. Commonly, points are earned by patrons placing wagers or purchasing room, food, beverage or entertainment admissions. Patron accounts in a player tracking system are used to track points earned/awarded to patrons. (Note 2 before 47)				
59. Is the addition/deletion of points to player tracking accounts other than through an automated process related to actual play sufficiently documented (including substantiation of reasons for increases) and authorized/performed by supervisory personnel of the player tracking, promotions, or keno departments? (47) Verify by examination.				
60. Is the supervisory authorization described in the preceding question documented and randomly verified by accounting/audit personnel on a quarterly basis? (47)				
Note: MICS #47 does not apply to the deletion of points related to inactive or closed accounts through an automated process. (47, Note)				
61. Is the issuance of wagering credits, both through and other than through actual keno play performed in one of the following methods: Verify by examination.				
a) Are they sufficiently documented and authorized by management personnel independent of the keno department? (48), or				

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Nevada Gaming Control Board
CPA MICS Compliance Checklist

Auditor's Name and Date

KENO

Licensee _____ Review Period _____

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b) Are they performed by keno supervisory personnel authorizing the issuance of wagering credits if sufficient documentation is generated and personnel independent of the keno department randomly verify the issuance on a quarterly basis? (48)				
62. Does the player tracking system create and maintain documentation indicating the wagering credits issued? (48)				
63. Are patron computerized player tracking accounts (active, inactive, and closed) controlled in a manner that precludes any one individual from misappropriating the points and are the procedures delineated within the keno section of the written system of internal control (49) ? Note: Procedures may include, but are not limited to, controls around the creation of player's club cards, resetting of the password/PIN, and/or establishment of user provisioning for proper segregation of duties. (49, Note)				
64. Have procedures been established for reactivating inactive or closed patron computerized player tracking accounts which requires the involvement of at least two employees? (50)				
65. Is documentation evidencing the involvement of two employees created and maintained for each account reactivated? (50) Verify by examination.				
66. Are the procedures delineated within the keno section of the written system of internal control? (50) Verify compliance with written system of internal control.				
67. Is patron identification required when redeeming points without a player tracking card? (51)				
68. Are changes to the player tracking system parameters, such as point structures and employee access, performed in one of the two following methods:				
a) Are they performed by supervisory personnel independent of the keno department? (52)				
b) Are they performed by keno supervisory personnel if sufficient documentation is generated and the propriety of the changes is randomly verified by personnel independent of the keno department on a quarterly basis? (52)				
69. Are all other changes to the player tracking system appropriately documented? (53)				

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Licensee _____ Review Period _____

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70. Are rules and policies for player tracking accounts including the awarding, redeeming and expiration of points prominently displayed or available for patron review at the licensed location? (54)				
<u>In-house Progressives</u>				
Note: MICS #55 and #56 also apply to an inter-casino linked system with a progressive, for affiliates. (Note before 55)				
71. At least daily, is each keno progressive payoff schedule manually read and recorded and are the progressive readings forwarded to accounting? (55)				
72. On a daily basis for each progressive, does audit/accounting personnel use the progressive meter readings required by MICS #55 to create and maintain progressive logs, which include at a minimum:				
a) Date the progressive was placed on the floor? (56a)				
b) Base amount of progressive payoff schedule when first exposed for play? (56b)				
c) Current amount of each progressive payoff schedule? (56c)				
d) Explanation of each payout supporting a decrease to the payoff schedule:				
1) Date? (56d1)				
2) Amount? (56d2)				
3) Payoff form number? (56d3)				
e) Are all variances noted investigated with the results documented and maintained? (56e)				
<u>Documentation</u>				
Testing of documentation is required, as applicable. Select one day per month for two months. Test days should be in non-consecutive months. Indicate test dates selected and results of testing.				
73. Is adequate documentation of all pertinent keno information generated by the keno computer system restricted to authorized personnel and does the documentation include at a minimum the following:				
a) Ticket information including the date, game number, ticket number, station number or writer identification information, and conditioning, including multi-race, if applicable? (36a)				

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Licensee _____ Review Period _____

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b) Payout information (e.g., date, time, ticket number, and amount)? (36b)				
c) Game information (e.g., number, ball draw results, and time game was closed)? (36c)				
d) Daily recap information by shift (unless a single shift is utilized for a day) and by day including write, payouts and gross revenue (i.e., win)? (36d 1-3)				
e) Exception reports that at least include: 1) voids, 2) late pays 3) configurable parameter alterations (e.g., changes in paytables, changes in ball draw results, or payouts over a predetermined amount)? (36e 1-3)				
<u>Accounting and Statistical Records</u>				
Testing of the keno revenue summary is required, as applicable. Select the keno revenue summary for 2 days. Test days should be in non-consecutive months. Indicate test dates selected and results of testing.				
74. Are records maintained which include win and write by individual writer for each day? (37)				
75. Is the daily keno recap information used to prepare a keno revenue summary maintained and does it include (for each keno game operated and total for all keno games operated) the write, payouts, win and win-to-write hold percentage for:				
a) Each day? (38a)				
b) Month-to-date? (38b)				
c) Year-to-date? (38c)				
76. Does management independent of the keno department review the month end keno revenue summary statistical information (prepared prior to the submission of the NGC tax returns for the month in which the activity occurred) at least on a monthly basis and investigate any large or unusual statistical fluctuations? (39)				
77. Are the above investigations completed no later than 30 days after the generation of the month end keno revenue summary? (39)				

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Nevada Gaming Control Board
CPA MICS Compliance Checklist

Auditor's Name and Date

KENO

Licensee _____ Review Period _____

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78. Are the results of the above investigations documented and maintained? (39)				
79. At a minimum, are investigations performed for statistical percentage fluctuations from the base level for a month in excess of +/- 5%? (39, Note 1) Note: The base level is defined as either the win-to-write hold percentage for the most recent calendar or fiscal year, or a rolling average win-to-write hold percentage for the immediately preceding 12 months. If the licensee has been operating for less than 12 full months, base levels for partial years should be used. (39, Note 2)				
<u>Miscellaneous</u>				
80. Are the following documents, including computer storage media, retained for at least seven days:				
a) Recording of rabbit ears? (82a)				
b) Computer system generated documentation of ticket information, payout information and game information when the information is not related to winning keno wagers of \$1,500 or more? (82b)				
c) Winning keno tickets that were presented by patrons for payment of less than \$1,500? (82c)				
<u>Payout Procedures for Mail-In Winning Tickets and Wagering Instruments</u>				
81. Do accounting/audit personnel or personnel independent of the keno department receive the original winning keno tickets and wagering instruments? (86)				
82. Do accounting/audit personnel or personnel independent of the keno department record the winning keno tickets/wagering instruments on a log as a mail pay? (87)				
83. Does the log mentioned in the preceding question include the date received, patron's name, keno ticket number and dollar amount? (87) Verify by examination.				
84. Are the winning keno tickets and wagering instruments entered into the computer system by keno personnel or accounting/audit personnel for validation and cancellation? (88)				

Verified per representation
Verified per observation/examination

Auditor's Name and Date

KENO

Licensee _____ Review Period _____

Questions	Yes	No	N/A	Comments, W/P Reference
85. Do accounting personnel compare the "paid" winning keno tickets/wagering instruments to the mail pay log and the system report for "paid" winning keno tickets/wagering instruments with any discrepancies being documented and reviewed with keno and accounting management personnel? (89)				
86. Do accounting/audit personnel, independent of the individual(s) who processed the mail pay winning tickets/wagering instruments, review the patron's correspondence submitted, the winning keno tickets/wagering instruments, the mail pay log and the system report for "paid" winning keno tickets/wagering instruments for any discrepancies, with any discrepancies being documented and resolved prior to remitting the proper payment amount to the patron? (90)				
<p><u>Accounting/Auditing Standards</u></p> <p>Note 1: When a multi-race ticket is part of the sample selected in the Accounting/Audit Standards, the procedures can be performed for 10 games or 10% of the games won, whichever is greater. (Note 1 before 57)</p> <p>Note 2: All audit procedures outlined in this section must be performed for each licensed keno game. (Note 2 before 57)</p> <p>Note 3: All audit procedures must be performed utilizing the restricted keno computer system generated documentation. (Note 3 before 57)</p> <p>For all accounting/auditing standards, if they are performed less frequently than required and/or the scope of the work is less than required, state the frequency and/or scope of the work that is performed. Additionally, if a MICS noncompliance issue is noted, specify the frequency and/or the scope of the work that is performed (i.e., if they perform a procedure, but not as often as they should, state how often they do it instead of just making a blanket statement that they don't do it monthly, quarterly, etc.)</p>				
<p>Review of documentation evidencing the performance of keno accounting/audit standards is required. Select the appropriate documentation to determine that all required procedures are being performed.</p>				
87. Are the keno audit procedures conducted by someone independent of the keno operation? (57)				

Verified per representation
Verified per observation/examination

Nevada Gaming Control Board
CPA MICS Compliance Checklist

Auditor's Name and Date

KENO

Licensee _____ Review Period _____

Questions	Yes	No	N/A	Comments, W/P Reference
<p>88. At least quarterly, for each kiosk, are the winning tickets and/or wagering instruments redeemed for a week (or one drop period if dropped more frequently) footed and the totals traced to the totals recorded in the system(s) and the related accountability document, and are the test and the results of investigations into all variances, by kiosk, documented? (58)</p> <p>Note 1: This procedure may be performed for different kiosks throughout the quarter as long as each kiosk is examined once per quarter. (58)</p> <p>Note 2: This procedure may be performed by non-accounting personnel as long as the individual has not performed the reconciliation required by MICS #32. (58, Note)</p>				
<p>89. Quarterly, are procedures performed to verify the integrity of the CWS (e.g., ensure that wagering instruments are only being created by active terminals on the casino floor); is the nature of the review delineated within the keno section of the written system of internal control; is the sequential wagering instrument exception report, if available, reviewed for breaks in the sequence or other unusual activity; and are improper transactions or unusual occurrences investigated with the results documented? (59)</p>				
<p>90. At least annually, do keno accounting/audit personnel foot the write on the restricted keno transaction report for a minimum of one shift and compare it to the total that is documented by the computer? (60)</p>				
<p>91. For at least one shift every other month, do keno accounting/audit personnel perform the following:</p>				
<p>a) Foot the customer copy of the payouts and trace the total to the payout report? (61a)</p>				
<p>b) Regrade at least 1% of the winning tickets using the payout schedule and ball draw results? (61b)</p>				
<p>92. Do keno accounting/audit personnel also perform the following:</p>				
<p>a) For a rabbit ear system without a direct interface to the computer system, compare the recording of the rabbit ears to the transaction report for a minimum of five games per week? (62a)</p>				
<p>b) For rabbit ear systems that are directly interfaced to the computerized keno system, compare the recording of the rabbit ears to the keno transaction report for a minimum of ten games per month? (62a)</p>				

Verified per representation
Verified per observation/examination

Nevada Gaming Control Board
CPA MICS Compliance Checklist

Auditor's Name and Date

KENO

Licensee _____ Review Period _____

Questions	Yes	No	N/A	Comments, W/P Reference
c) When manual ball draw results changes are made to the direct interface, are all changes audited and compared to the rabbit ears recording? (62a)				
d) Compare net cash proceeds to the audited win/loss by shift on a daily basis and investigate any large cash overages or shortages (i.e., in excess of \$25)? (62b)				
e) For one cashier, foot the wagering instruments redeemed and trace the total to the total recorded in the system and to the amount recorded in the applicable cashier's accountability document daily? (62c)				
f) Reconcile issued, voided, and redeemed wagering instruments to the unpaid and expired wagering instruments dollar amount using the reports generated by the system; investigate and document any variances noted; and examine paid expired wagering instruments for proper authorization and documentation pursuant to MICS #24 and #25? (62d)				
g) Reconcile the dollar amount of WAT in and WAT out per the WAT By Gaming Area report daily to the keno revenue summary, and investigate and document any variances noted? (62e)				
h) On a daily basis, review and regrade all winning tickets greater than or equal to \$1,500, including all forms which document that proper authorizations and verifications were obtained and performed? (62f)				
i) For the winning tickets in the previous question, are the customer copies traced to the computer payout report? (62f)				
j) Review the documentation for payout adjustments made outside the computer on a daily basis and investigate large and frequent payments? (62g)				
k) Review exception reports on a daily basis for propriety of transactions and unusual occurrences (e.g., void authorizations, late pays, and parameter alterations)? Are all noted improper transactions or unusual occurrences investigated with the results documented? (62h) Note: An exception report is defined as a report produced by the computerized system identifying unusual occurrences, changes to system configuration parameters, alteration to initially recorded data, voids, etc. (62h, Note)				

Verified per representation
Verified per observation/examination

Nevada Gaming Control Board
CPA MICS Compliance Checklist

Auditor's Name and Date

KENO

Licensee _____ Review Period _____

Questions	Yes	No	N/A	Comments, W/P Reference
l) If a random number generator is used, then at least weekly is the numerical frequency distribution reviewed for potential patterns, including missing numbers, during the previous four-week period? (62i)				
m) If a rabbit ear system is used and the computerized keno system (or audit software) generates a drawn number frequency report, then at least weekly is the numerical frequency distribution reviewed for potential patterns, including missing numbers, during the previous four-week period? (62j)				
n) All improper transactions or unusual occurrences are investigated with the results documented? (62k)				
o) Daily, review all not-in-computer voids for void designation and proper supervisory approval? (62l)				
93. In addition to the aforementioned keno audit procedures, for each day when the keno game is operated by one person, do accounting/audit personnel perform the following:				
a) Regrade and trace customer copies to the computer payout report for all winning tickets in excess of \$500 and at least 2 other winning tickets less than or equal to \$500 from that day? (63a)				
b) Randomly compare the recording of the rabbit ears to the keno transaction report for at least 10 of the games during the shift? (63b) Note: This procedure does not apply to rabbit ear systems that are directly interfaced to the computerized keno system unless a ball draw results change is made manually. All manual changes associated with directly interfaced systems are audited and compared to the rabbit ear recordings. (63b, Note)				
c) Review winning tickets for proper authorization pursuant to MICS #22? (63c)				
94. In the event any person performs the writer and deskman functions on the same shift or day, are the procedures described in MICS #63 (using the sample sizes indicated) performed on tickets written by that person? (64)				

Verified per representation
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Nevada Gaming Control Board
CPA MICS Compliance Checklist

Auditor's Name and Date

KENO

Licensee _____ Review Period _____

Questions	Yes	No	N/A	Comments, W/P Reference
<p>95. Do accounting/audit personnel review all contest, tournament, promotional payout, drawing, and giveaway program documentation monthly to determine proper accounting treatment and proper keno gross revenue computation? (65)</p> <p>Note: For purposes of this standard, licensees are required to review any contests, tournaments, promotional payouts, drawings and giveaway programs that occurred any time during the last month, not just any such events that occurred at the time of their review.</p>				
<p>96. For all contests, tournaments, promotional payouts (including payouts from computerized player tracking activity), drawings, and giveaway programs, is the following documentation maintained:</p>				
<p>a) Copies of the information provided to the patrons describing the contests, tournaments, promotional payouts, drawings, and giveaway programs (e.g., brochures or flyers)? (66a)</p>				
<p>b) Effective dates? (66b)</p>				
<p>c) Accounting treatment, including general ledger accounts, if applicable? (66c)</p>				
<p>d) For tournaments and contests, the name of the organizations (or persons) registered pursuant to NRS 463.169 that conducted the contest/tournament on behalf of, or in conjunction with, the licensee, if any? (66d)</p>				
<p>e) The extent of responsibilities (including MICS compliance responsibilities) each organization and the licensee had in the contest/tournament (e.g., ABC nonprofit is to receive 100% of the entry fees and provide non cash prizes for the winners with the licensee collecting entry fees, operating the tournament and distributing prizes to winners)? (66d)</p>				

Verified per representation
Verified per observation/examination

Nevada Gaming Control Board
CPA MICS Compliance Checklist

Auditor's Name and Date

KENO

Licensee _____ Review Period _____

Questions	Yes	No	N/A	Comments, W/P Reference
<p>97. Do accounting/audit personnel perform procedures (must include review of documents, interviews of employees on the property, and on premise observations of the licensed establishment) monthly to ensure that contests, tournaments, promotional payouts, drawings and giveaway programs are conducted in accordance with the conditions provided to the patrons and are the results of the review, interviews, and observations documented and maintained? (67)</p> <p>Note: For purposes of this standard, licensees are required to examine any contests, tournaments, promotional payouts, drawings, and giveaway programs that occurred any time during the last month, not just any such events that occurred at the time of their examination.</p> <p>Note 2: Interviews and observations are still required to be performed even if no such promotions are generally offered as to ensure all promotions are captured, properly accounted for, and conducted in accordance with the conditions provided to patrons. (67, Note)</p>				
<p>98. Do accounting/audit personnel reconcile all contest/tournament entry, rebuy, and payout forms to the dollar amounts recorded in the appropriate accountability document daily? (68)</p>				
<p>99. When payment is made to the winners of a contest/tournament, do accounting/audit personnel reconcile the contest/tournament entry fees/rebuys collected to the actual contest/tournament payouts made? (69)</p> <p>Note 1: This reconciliation is to determine whether, based on the entry fees/rebuys collected, the payouts made and the amounts withheld by the gaming establishment, if applicable, were distributed in accordance with the contest/tournament rules. (69)</p> <p>Note 2: This procedure is not required to be performed at the time the payments are made to the winners. It can be done at some point thereafter, but must be done at least monthly.</p>				
<p>100. Each month, do accounting personnel review system documentation that supports the dollar amount of expired wagering instruments and is this dollar amount less any manually paid expired wagering instruments verified to be included in revenue on the NGC tax returns? (70) For one month, review the documentation to verify that the proper dollar amount of expired wagering instruments has been included in the computation of revenue in the NGC tax return. Indicate the month/year reviewed and the results of the review.</p>				

Verified per representation
Verified per observation/examination

Nevada Gaming Control Board
CPA MICS Compliance Checklist

Auditor's Name and Date

KENO

Licensee _____ Review Period _____

Questions	Yes	No	N/A	Comments, W/P Reference
101. Is the system's unpaid wagering instruments documentation, including wagering instrument numbers, restricted to authorized personnel? (70)				
102. For one day each month, do accounting/audit personnel reconcile the dollar amount of active wagering instruments created, other than through keno play, to the wagering instruments reflected in the keno bank accountability documents and does the reconciliation include using documents and system reports supporting all additions and reductions of active wagering instruments to the appropriate accountability area? (71)				
103. Monthly, do accounting/audit personnel perform the following procedures:				
a) Reconcile the total amount of WAT in and WAT out per the WAT Summary report to the month-end keno revenue summary? (72)				
b) Is the reconciliation mentioned in the previous question documented and maintained with all variances being reviewed, documented and maintained? (72)				
<p>104. Monthly, do accounting/audit personnel reconcile gross revenue from the general ledger and the keno revenue summary to the monthly NGC tax returns and are any variances reviewed, documented, and maintained? For one month, review the monthly keno revenue summary to verify proper preparation of the summary and to determine the accuracy of the amounts on the summary. Indicate the month/year reviewed and the results of the review. (73)</p> <p>Note: The following adjustments, with supporting documents, may need to be reflected in this reconciliation:</p> <ul style="list-style-type: none"> • Wagering instruments. • Contest/tournament revenue by event. • Promotions. • Pro rata share of an inter-casino linked system payout. • Revenue resulting from a gaming device attributable to multiple gaming areas. • Other allowable adjustments impacting reported keno revenue. (73) 				

Verified per representation
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Nevada Gaming Control Board
CPA MICS Compliance Checklist

Auditor's Name and Date

KENO

Licensee _____ Review Period _____

Questions	Yes	No	N/A	Comments, W/P Reference
105. Prior to the submission of the NGC tax returns for the month, are the reconciliations required by MICS #72 and #73 completed? Is any follow-up performed documented and maintained, and are any variances noted resolved prior to the submission of the tax returns? (74) For one month, review each reconciliation to verify that the reconciliation has been properly performed and that the amounts have been properly calculated. Indicate the month/year reviewed for each reconciliation and the results of each reconciliation.				
106. Quarterly, is an inventory of all sensitive keno keys performed and reconciled to records of keys made, issued and destroyed and are investigations performed for all keys unaccounted for with the investigations being documented? (75) Note: Sensitive keys include, but are not limited to, keys used to access restricted computer storage media and/or restricted equipment used to conduct the keno game (e.g., rabbit ears, back-up keno ball inventories, or kiosks). (75, Note)				
107. For computerized player tracking systems, do accounting/audit personnel perform the following procedures at least one day per quarter:				
a) Review all point addition/deletion authorization documentation, other than for point additions/deletions made through an automated process, for propriety? (76a)				
b) Review exception reports for propriety and unusual occurrences? (76b) Note: The review should include, but is not limited to, transfers between accounts. (76b)				
c) Review the documentation related to reactivating inactive and closed accounts created in MICS #50 for the involvement of two employees? (76c)				
108. At least annually, are the following procedures performed for the computerized keno player tracking system (in-house developed and purchased systems):				
a) Is the system reviewed by personnel independent of the individuals that set up or make changes to the system parameters to determine that the configuration parameters are accurate and have not been altered without appropriate management authorization (e.g., verify the accuracy of the awarding of points based on the dollar amount wagered)? (77)				

Verified per representation
Verified per observation/examination

Nevada Gaming Control Board
CPA MICS Compliance Checklist

Auditor's Name and Date

KENO

Licensee _____ Review Period _____

Questions	Yes	No	N/A	Comments, W/P Reference
b) If possible, is the system tested to further verify the accuracy of the configuration parameters (e.g., to simulate activity to verify the accuracy of the amount of points awarded)? (77)				
c) Are the test results documented and maintained? (77)				
109. Is documentation (e.g., checklist, notation on reports, and tapes attached to original documents) maintained evidencing the performance of keno audit procedures, including any reviews, the exceptions noted, and follow-up of all keno audit exceptions? (78) Verify by examination.				
Inter-Casino Linked System for Affiliates				
Note: MICS #79 - #81 apply to the operator/hub of the inter-casino linked system. (Note before 79)				
110. Monthly, do accounting/audit personnel:				
a) Foot all invoices/contribution reports prepared by the operator/hub of the inter-casino linked system and trace to each payout? (79a)				
b) Foot all NGC tax return deductions by participating licensed affiliates to the total amount calculated by the operator/hub? (79b)				
111. Quarterly, do accounting/audit personnel:				
a) Review changes to the rate of progression pursuant to Regulation 5.112? (80a)				
b) Review all limits placed on progressive payoff schedules and perform observations of the casino floor to ensure proper notices have been placed at or near each game to which the limit applies? (80b)				
112. Are all progressive payoff schedules that have been reduced or eliminated in compliance with Regulation 5.112? (81)				
Written System of Internal Control				
113. Has the licensee's written system of internal control for keno been re-read prior to responding to the following question?				
114. Does the written system of internal control for keno reflect the actual control procedures in effect for compliance with the MICS, variations from the minimum internal control standards approved pursuant to Regulation 6.090(8), and Regulation 14 associated equipment approvals? [Regulation 6.090(13)]				

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